

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2274 – SB 2201

March 26, 2018

SUMMARY OF ORIGINAL BILL: Requires the Commissioner of the Department of Revenue to report the amount of payment in lieu of taxes (PILOT) received by the state from the Tennessee Value Authority (TVA) in the preceding year, the total amount of TVA PILOT apportioned to local governments, and the amount of TVA PILOT apportioned to each local government annually to the Senate and House of Representatives Finance, Ways and Means Committees.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015739): Deletes and replaces language in the bill such that the only substantive change is to require the Comptroller of the Treasury (COT) to determine the approximate tax rate and assessed value of every parcel of property acquired by Tennessee Wildlife Resources Agency (TWRA) regardless of whether the land was acquired with Wetland Funds.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Exceeds \$25,900/Wetland Compensation Fund

Increase Local Revenue – Exceeds \$25,900

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 11-14-406(b), cities and counties are reimbursed payment in lieu of tax (PILOT) by the state for lost property tax revenue relative to certain acquired wetlands rendered tax exempt.
- This legislation would require PILOT be paid on all properties acquired by the TWRA, regardless of whether the land was acquired with Wetlands Funds.
- This analysis assumes PILOT will be remitted to local governments on wetlands acquisitions after the effective date of this legislation.

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- Based on information provided by the COT, the provisions of this legislation would have resulted in a recurring increase in PILOT to local governments from the Wetland Compensation Fund of approximately \$25,945 in FY15-16; therefore, the recurring increase in state expenditures from the Wetland Compensation Fund is reasonably estimated to exceed \$25,945.
- The corresponding recurring increase in local revenue is estimated to exceed \$25,945 statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj